

BRIEFING PAPER

CONFIDENTIAL

North/South Issues

The U.S. approach to the developing nations on economic issues is based on our belief that economic development is best achieved through the development of sound domestic economic policies coupled with appropriate reliance on the private sector and free market programs. We prefer to pursue an issue-by-issue approach to resolve economic development problems rather than to talk in terms of wholesale change or radical reform.

There exists a fundamental difference between most developing countries, individually and in groups, and the U.S. over the causes of underdevelopment and their cure. In the multilateral arena the developing countries have demanded massive transfers of resources from the developed countries. These would be achieved through preferential trade and financial arrangements in a radical reform of the international economic system -- a New International Economic Order (NIEO). While the U.S. has been able to reach accommodation on specific issues with a number of developing countries on a bilateral basis, political pressures have hindered a significant meeting of the minds in the multilateral arena.

The most significant recent event in the ongoing dialogue between the North and South was UNCTAD VI, where the developing and developed nations presented their philosophies of trade and development. Led by a firm stance by the U.S., the developed countries stood firm in the face of developing country demands. The latter countries acquiesced in the end to resolutions acceptable to the U.S. in almost all cases, while expressing disappointment afterward about the "meager results" of UNCTAD VI.

The concept of global negotiations, which had been a key developing country goal, has been de-emphasized at least temporarily, in view of the perceived need to resolve immediate economic problems brought on by the global recession. This was a key feature of the G-77 position at UNCTAD VI. It would be unrealistic, however, to think that because of this the developing countries demand for an altered global economic system has been abandoned. Mexico was among the influential countries at UNCTAD which were disappointed with the position taken by the U.S. It strongly supports the NIEO.

July 29, 1983

State Dept. review completed

CONFIDENTIAL
DECL:OADR